

Message Text

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PAGE 01 MANILA 06720 161524Z

12

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01

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R 131044Z MAY 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 3480

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E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: OIL PRICE INCREASE GRANED BY GOP

SUMMARY: ON MAY 16 PRESIDENT MARCOS AUTHORIZED PRICE INCREASES FOR ALL PETROLEUM PRODUCTS FOLLOWING REVIEW OF THE QUESTION BY A SPECIAL COMMITTEE ESTABLISHED AFTER HE HAD SUSPENDED PREVIOUS INCREASES ANNOUNCED MAY 6. THE NEW INCREASES ARE MARGINALLY LOWER THAN THOSE PREVIOUSLY "RECOMMENDED" BY THE OIL INDUSTRY COMMISSION AND PROVISION WAS MADE FOR SPECIAL DISCOUNTS FOR SPECIAL INTEREST GROUPS SUCH AS TRANSPORTATION AND GRAIN HAULING COMPANIES AND FISHERMEN. END SUMMARY.

1. PRICES ON ALL PETROLEUM PRODUCTS WERE INCREASED MAY 16 BY WEIGHTED AVERAGE OF SEVEN CENTAVOS A LITER. THE LARGEST INCREASE IS FOR PREMIUM GASOLINE AT 13 CENTAVOS PER LITER.

2. FOLLOWING IS COMPARISION OF PRICES, AS RECOMMENDED BY OIC ON MAY 6, AS ALLOWED BY PRESIDENT AND THE OLD PRICES.

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PAGE 02 MANILA 06720 161524Z

U PRICE

MAY 6 NEW " OLD

PREMIUM GASOLINE P1.29 P1.28 P1.15

REGULAR GASOLINE 1.23 1.22 1.09

AUTOMOTIVE DIESEL OIL 0.975 0.95 0.87

KEROSENE-SERVICE

STATIONS 0.94 0.915 0.845

AMBULANT RESELLERS 0.98 0.955 0.885

SARA-SARA STORES 1.08 1.05 0.985

AVIATION TURBO 0.98 0.975 0.885

INDUSTRIAL FUEL OIL 0.6555 0.6505 0.5931

LIQUEFIED

PETROLEUM GAS 0.78 0.755 0.685

EFFECTIVE MAY 16, 1975

3. NEW PRICES ARE BASED ON RECOMMENDATION OF COMMITTEE

CREATED BY PRESIDENT TO REVIEW OIC RECOMMENDATIONS AND HEADED
BY SECRETARY OF NATIONAL DEVELOPMENT GERARDO SICAT.

4. PRESIDENT ALSO ISSUED LETTER OF INSTRUCTION WHICH

PERMITS DISCOUNTS FOR MOST Affected "ESSENTIAL
INDUSTRIES" SUCH AS BUS AND JEEPNEY OPERATORS AND
GRAIN HAULERS AS WELL AS FISHERMEN. DISCOUNTS WILL HAVE
TO BE BORNE BY OIL COMPANIES, EFFECTIVELY REDUCING
PRICE INCREASE BY ROUGHLY ONE-HALF, AS FAVORED GROUPS
ACCOUNT FOR 50 PERCENT OF CONSUMPTION.

LG5. COMMENT: NEW PRICE STRUCTURE COMPLICATES EVEN MORE
AN ALREADY DISMALLY INVOLVED SYSTEM OF DISCOUNTS,
MARKUPS, REBATES AND TAXES. SIGNIFICANTLY THE
PHILIPPINE NATIONAL OIL COMPANY WAS GRANTED
AN INCREASED REBATE FOR ITS "PETROLEUM EXPLORATION AND
CONSERVATION FUND" (SIC) WHICH FURTHER PUTS PRIVATE COMPANIES
AT A DISADVANTAGE. WHILE PHILIPPINE CHAMBER OF COMMERCE
PROPOSAL TO NATIONALIZE OIL INDUSTRY (SEPTEL) MAY BE
STRAIGHT FROM LEWIS CARROLL THE WAY THE GOP HAS GONE ABOUT
FAVORING PNOC IN THE LAST TWO PRICE INCREASES DOES LITTLE
TO INSTILL CONFIDENCE THAT PRIVATE OIL COMPANIES HAVE A
BRIGHT FUTURE IN PHILIPPINES. FURTHER BLOW IS THAT OIL
COMPATRES ARE ASKED TO SUBSIDIZE FUEL FOR PUBLIC
TRANSPORTATION, SMALL FISHING, AND "CORN HAULERS".
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PAGE 03 MANILA 06720 161524Z

6. GOP HANDLING OF OIL PRICE INCREASE EXHIBITED GREAT
CONFUSION AND FAULTY STAFFWORK. ORIGINAL ANNOUNCEMENT WAS
MADE ON MAY 6, THE DAY AFTER FAILRY STEEP RISE IN RETAIL SUGAR
PRICE. STRONG PUBLIC

REACTION, PARTLY STIMULATED
BY CONTROLLED GROUPS, RESULTED IN SUSPENSION OF

INCREASES, AND FORMATION OF SPECIAL CABINET
COMMITTEE WHICH HAS NOW COME UP WITH SMALLER INCREASES
IN PRICES FOR OIL AND SUGAR PRODUCTS. THIS HARDLY
CONTRIBUTES TO PUBLIC CONFIDENCE AND STABILITY OF THE
MARKET, AND IT APPEARS SUFFICIENT EVIDENCE THAT SOME
ECONOMIC PRESSURE GROUPS SUCH AS JEEPNEY DIRVERS
REMAIN ARTICULATE.
SULLIVAN

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